

General Announcement

Reference No **MI-100830-62076**

Submitting Merchant Bank : MAYBANK INVESTMENT BANK BERHAD
Company Name : **KNM GROUP BERHAD**
Stock Name : KNM
Date Announced : 30/08/2010

Type : Announcement
Subject : KNM GROUP BERHAD ("KNM" OR "COMPANY")

(I) PROPOSED SHARE CONSOLIDATION INVOLVING THE CONSOLIDATION OF EVERY 4 EXISTING ORDINARY SHARES OF RM0.25 EACH IN KNM GROUP BERHAD ("KNM") ("KNM SHARES") INTO 1 NEW ORDINARY SHARE OF RM1.00 EACH IN KNM ("CONSOLIDATED SHARE") ("PROPOSED SHARE CONSOLIDATION"); AND

(II) PROPOSED AMENDMENTS TO THE MEMORANDUM AND ARTICLES OF ASSOCIATION OF KNM ("PROPOSED AMENDMENTS")

Contents : (COLLECTIVELY REFERRED TO AS "PROPOSALS")
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1. INTRODUCTION

On behalf of the Board of Directors of KNM ("Board"), Maybank Investment Bank Berhad ("Maybank IB") is pleased to announce that the Company is proposing to undertake the following exercises:

(i) share consolidation involving the consolidation of every 4 KNM Shares into 1 Consolidated Share; and

(ii) amendments to the Memorandum and Articles of Association of KNM to facilitate the implementation of the Proposed Share Consolidation.

Please refer to the attachment for the details of the announcement.

This announcement is dated 30 August 2010.

Attachments : [📎 KNM - Final announcement - 30.08.10.pdf](#)

Announcement Details :

KNM GROUP BERHAD ("KNM" OR "COMPANY")

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1. INTRODUCTION

On behalf of the Board of Directors of KNM ("**Board**"), Maybank Investment Bank Berhad ("**Maybank IB**") is pleased to announce that the Company is proposing to undertake the following exercises:

- (i) share consolidation involving the consolidation of every 4 KNM Shares into 1 Consolidated Share; and
- (ii) amendments to the Memorandum and Articles of Association of KNM to facilitate the implementation of the Proposed Share Consolidation.

2. DETAILS OF THE PROPOSALS

2.1 Proposed Share Consolidation

- 2.1.1 The Proposed Share Consolidation involves the consolidation of every 4 KNM Shares held by KNM's shareholders on an entitlement date to be determined later ("**Entitlement Date**") into 1 Consolidated Share.
- 2.1.2 As at 30 August 2010, the issued and paid-up share capital of KNM is RM1,001,092,593.75 comprising 4,004,370,375 KNM Shares. Upon completion of the Proposed Share Consolidation, the issued and paid-up share capital of KNM would be rounded down to RM1,001,092,593 comprising 1,001,092,593 Consolidated Shares.
- 2.1.3 Notwithstanding the above, the actual number of Consolidated Shares to be issued will be determined based on the issued and paid-up share capital of KNM as at the Entitlement Date of the Proposed Share Consolidation.
- 2.1.4 The Consolidated Shares to be issued shall, upon allotment and issue, rank *pari passu* in all respects with each other. Fractional entitlements under the Proposed Share Consolidation, if any, shall be dealt with by the Board in such manner as they may deem fit.
- 2.1.5 With the introduction of SPEEDS by Bursa Malaysia Securities Berhad ("**Bursa Securities**"), there will not be any suspension on the trading of the Consolidated Shares pursuant to the Proposed Share Consolidation.

2.2 Proposed Amendments

The Proposed Amendments involve the amendments to Clause 5 of KNM's Memorandum of Association and Article 11 of KNM's Articles of Association to facilitate the Proposed Share Consolidation.

3. RATIONALE FOR THE PROPOSALS

3.1 Proposed Share Consolidation

The Proposed Share Consolidation forms part of KNM's proactive capital management plan to improve KNM's capital structure. As a result of the Proposed Share Consolidation, there would be an immediate reduction in the number of KNM shares.

Hence, KNM shall benefit from easier management of a smaller number of KNM shares, whereby the Consolidated Shares shall bear the same value of the existing KNM Shares but at no expense to neither KNM nor its investors.

3.2 Proposed Amendments

The Proposed Amendments are undertaken to facilitate and allow for the implementation of the Proposed Share Consolidation.

4. FINANCIAL EFFECTS OF THE PROPOSALS

4.1 Issued and paid-up share capital

The proforma effects of the Proposed Share Consolidation are set out below. The Proposed Amendments will not have any effect on the share capital.

	Par value RM	No. of ordinary shares	Issued and paid-up share capital RM
Existing issued and paid-up capital as at 30 August 2010	0.25	4,004,370,375	1,001,092,593.75
Issued and paid-up share capital after the Proposed Share Consolidation	1.00	1,001,092,593	*1,001,092,593

Note:

* Rounded down to the nearest whole number

4.2 Substantial shareholders' shareholdings

The Proposals will not have any material effect on the substantial shareholders' shareholdings.

4.3 Net assets, gearing and net assets per share

The Proposals will not have any material effect on KNM's consolidated net assets and gearing based on KNM's audited consolidated financial statements for the financial year ended 31 December 2009. Nevertheless, KNM's consolidated net assets per share will correspondingly be increased due to the decrease in the number of ordinary shares in issue upon completion of the Proposed Share Consolidation.

4.4 Earnings per share ("EPS")

The Proposals will not have any material effect on KNM's consolidated earnings. Nevertheless, KNM's consolidated EPS will correspondingly be increased due to the decrease in the number of ordinary shares in issue upon completion of the Proposed Share Consolidation.

5. APPROVALS REQUIRED

The Proposals are subject to the following approvals being obtained:

- (i) Bursa Securities, for the following:
 - (a) Proposed Share Consolidation;
 - (b) the listing of and quotation for the Consolidated Shares on the Main Market of Bursa Securities;
- (ii) the shareholders of KNM at an extraordinary general meeting to be convened; and
- (iii) other relevant authorities, where applicable.

The Proposed Share Consolidation and the Proposed Amendments are inter-conditional.

Save as disclosed above, the Proposals are not conditional upon any other corporate exercise which has been announced by KNM but not completed prior to this announcement.

6. ADVISER

Maybank IB has been appointed as the adviser for the Proposals.

7. ESTIMATED TIMEFRAME FOR SUBMISSION TO THE AUTHORITY

The application to Bursa Securities is expected to be made within 1 month from the date of this announcement.

This announcement is dated 30 August 2010.